

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
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FM AMEMBASSY ROME
TO SECSTATE WASHDC 1588
INFO AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES

C O N F I D E N T I A L ROME 05554

E.O. 11652: GDS
TAGS: ENRG, PINT, IT
SUBJECT: MONTI'S FINANCIAL DIFFICULTIES AND POSSIBLE SALE OF
NEWSPAPERS

REF: ROME 4885

1. ATTILO MONTI, ONE OF ITALY'S LARGEST PRIVATE ENTRE-
PRENEURS WITH REPORTED ASSETS OF OVER LIRE 300 BILLION,
CONTROLS A RANGE OF ECONOMIC ACTIVITIES, MAIN ELEMENTS OF
WHICH ARE: (A) PETROLEUM REFINING (ACCOUNTING FOR ABOUT
10 PERCENT OF ITALIAN REFINING CAPACITY) AND RETAIL GASOLINE
DISTRIBUTION NETWORK (OBTAINED FROM BP), (B) SUGAR REFINING
(WHICH ACCOUNTS FOR 37 PERCENT OF DOMESTIC SUGAR MARKET) AND (C)
NEWSPAPER CHAIN OF WHICH MOST IMPORTANT ARE IL RESTO DEL
CARLINO OF BOLOGNA AND LA NAZIONE OF FLORENCE. REPORTEDLY
NEWSPAPERS ARE MAKING A REASONABLE PROFIT AND SUGAR
REFINING IS DOING EVEN BETTER, BUT LARGE PETROLEUM SECTOR
HAS BEEN LOSING SUBSTANTIAL AMOUNTS OF MONEY, LARGELY
AS A RESULT OF OVERCAPACITY IN ITALIAN MARKET.
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2. MONTI'S FINANCIAL DIFFICULTIES HAVE BEEN COMMON
KNOWLEDGE FOR SOME TIME, AS HAVE HIS EFFORTS TO REDUCE
HIS LOSSES IN PETROLEUM SECTOR, ESPECIALLY THROUGH SALE OF
REFINERIES. WHILE THE MONTI GROUP'S FINANCIAL POSITION
IS NOT GOOD, BEST INFORMATION IS THAT PROBLEM IS ESSEN-
TIALY THAT OF OVER INDEBTEDNESS, AND HIS SITUATION

IS NOT SIGNIFICANTLY WORSE THAN THAT OF MANY OTHER
LARGE ENTERPRISES IN THE PRIVATE SECTOR.

3. RECENTLY MONTI APPROACHED EMBASSY TO SEEK ASSISTANCE
INFINDING CUSTOMERS FOR SERVICES OF HIS OIL REFINERIES
OR BUYERS OR INVESTORS FOR ALL OR PART OF HIS PETROLEUM
REFINING AND DISTRIBUTION CHAIN. MONTI'S PREFERENCE
WAS FOR OBTAINING LARGE REFINING ORDERS OR FOR ADDI-
TIONAL CRUDE TO REFINER AND SELL ON OWN ACCOUNT. AS
ALTERNATIVE, HE WOULD CONSIDER SOME FORM OF INVESTMENT,
JOINT ENTERPRISE OR COMPLETE TAKEOVER OF THIS SECTOR.
WHILE ASSERTING THAT THESE REQUESTS SHOULD BE VIEWED
AS NORMAL COMMERCIAL TRANSACTIONS, MONTI INDICATED
A GENERAL DESIRE TO LESSEN THE PACE OF HIS ECONOMIC
ACTIVITY (HE IS OVER 70 AND HAS NO FAMILY ABLE TO DIRECT
HIS ENTERPRISES) AND IMPLIED THAT OUTCOME OF HIS
EFFORTS TO REDUCE HIS LOSSES IN PETROLEUM SECTOR WOULD
AFFECT FUTURE OF IL RESTO AND LA NAZIONE, WHICH, AS
THE LEADING CENTRIST NEWSPAPERS IN THE COMMUNIST-
CONTROLLED REGIONS OF TUSCANY AND EMILIA-ROMAGNA,
ARE OF GREAT IMPORTANCE TO SURVIVAL OF DEMOCRACY
IN ITALY.

4. IN SUBSEQUENT DISCUSSION WITH MONTI'S STAFF,
EMBASSY INDICATED THERE DID NOT SEEM TO BE MUCH USG
COULD DO TO ASSIST HIM IN CONTEXT OF COMMERCIAL-
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VIABLE PROPOSITIONS. EMBASSY DOUBTED THERE WAS
ADVANTAGE TO HAVING USG ADVISE US OIL COMPANIES ABOUT
BUSINESS OPPORTUNITY OFFERED BY MONTI AND SUGGESTED
THAT HE MAKE HIS OWN CASE DIRECTLY WITH OIL COMPANIES.
IN RESPONSE TO HIS SUGGESTION THAT US COULD SEEK TO
INTEREST ONE OR MORE OIL PRODUCING COUNTRIES IN USE
OR PURCHASE OF HIS REFINERIES, EMBASSY SUGGESTED
THAT ITS ABILITY TO INFLUENCE GOVERNMENTS IN SUCH A
MATTER WAS SEVERELY LIMITED.

5. COMMENT: MONTI'S TWO NEWSPAPERS DO INDEED PLAY
VERY IMPORTANT ROLE IN THE STRUGGLE FOR IDEAS IN
ITALY. IF THESE WERE TO FALL INTO HANDS OF THE LEFT,
IT WOULD BE A SERIOUS BLOW TO OUR INTERESTS IN ITALY.
IN ADDITION, MONTI HAS IN THE PAST PROVIDED IMPORTANT
FINANCIAL SUPPORT TO THE DC PARTY. HIS CURRENT DIF-
FICULTIES WILL REPORTEDLY LIMIT HIS ABILITY TO PROVIDE
SUCH SUPPORT IN THE FUTURE. ON THE OTHER HAND, WE
DO NOT SEE APPROPRIATE ACTION THAT WE COULD TAKE TO
ASSIST MONTI IN IMPROVING HIS ECONOMIC POSITION;
DEMOCRATIC FORCES IN ITALY OBVIOUSLY WILL HAVE TO
SEE TO IT THAT CONTROL OF HIS PAPERS DO NOT MOVE

TO THE OTHER SIDE. IN THIS REGARD, HE IS ALSO SEEKING
TO HAVE ENI, STATE HYDROCARBONS AGENCY, BUY OR
OPERATE SOME OF HIS REFINING OPERATIONS. ALTHOUGH
ENI IS RESISTING, IT REMAINS TO BE SEEN WHETHER THE
GOI WILL BRING SUFFICIENT PRESSURE ON ENI TO SOLVE
MONTI'S REFINERY PROBLEMS, THEREBY REDUCING PRESSURE
TO DIVEST HIMSELF OF NEWSPAPER INTERESTS.GARDNER

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